

Memorandum

TO: Rules Committee

FROM: Alex Gurza
Gerald A. Silva

SUBJECT: Fraud and Audit Hotline

DATE: March 4, 2005

RECOMMENDATION

It is recommended that the City of San Jose begin a one year "Fraud and Audit Hotline" pilot project to assess the value of such a hotline. During this year, the City Manager's Office, the City Auditor's Office and the City Attorney's Office will meet once a month to identify any issues that may arise with the hotline. At the end of the year, the benefits, cost and other issues associated with the hotline will be considered before determining whether the hotline should continue.

BACKGROUND

Per the attached memo dated November 10, 2004, the proposal for a fraud hotline was referred to the City Auditor's Office, City Attorney's Office and the Independent Police Auditor for discussion with direction to return to the Rules Committee with further information and recommendations.

After conducting a survey of the ten largest cities in California and in the United States to learn about the various types of hotlines that have been established in other cities, the City Auditor's Office and the Office of Employee Relations met to determine the best program for the City and its employees.

PROPOSAL

The model for the City of San Jose's proposed hotline is based on a hotline that the City of Phoenix established for Management/Audit Control. In Phoenix, calls to the hotline are handled by the City Manager's Office, and calls are referred to the appropriate City Department. The City Manager's Office, the City Attorney's Office and the City Auditor meet regularly to review the issues that have been received through the hotline.

In addition to the Office of Employee Relations line for employee concerns, it is proposed to establish an additional line, named the "Fraud and Audit Hotline" similar to the hotline in Phoenix. This hotline will be advertised on the City's Internet and Intranet site and will be made available to City employees, as well as to members of the general public.

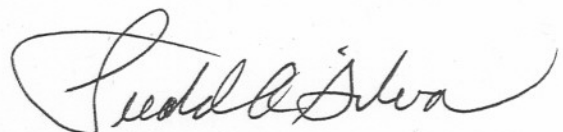
The Fraud and Audit Hotline will be administered as follows:

1. Calls to the "Fraud and Audit Hotline" will be to a dedicated phone number and will be managed by the City Manager's Office. Calls will be answered as the "Fraud and Audit Hotline." An email address will also be established for persons who prefer to submit concerns in writing.
2. Sufficient information will be gathered in order to determine the appropriate actions needed. Some calls may need referral to another City Department or agency. Depending on the nature of the concern, other calls may need to be handled and investigated by the City Manager's Office of Employee Relations as confidential personnel matters.
3. The City Manager's Office, the City Auditor's Office and the City Attorney's Office will meet once a month to discuss the issues, following up on the status of open investigations and to review new calls that have come into the hotline in order to determine how the calls should be most appropriately handled. For example, some calls may be best handled by the City Auditor's Office, some may need City Attorney's Office review, while some may need to be handled as employee misconduct investigations.
4. The City Manager's Office will forward basic information to the City Auditor's Office for statistical purposes. This will include a brief overview of the call, but will exclude names and any confidential information. The information that is forwarded to the City Auditor's Office will be entered into a database maintained by the City Auditor's Office.
5. The City Manager's Office, the City Auditor's Office and the City Attorney's Office will create an annual report regarding the "Fraud and Audit Hotline."

If approved, it is anticipated that the design and implementation of the "Fraud and Audit Hotline" will take approximately one-hundred and twenty (120) days. The goal is to have the Hotline "go live" on or about July 1, 2005.

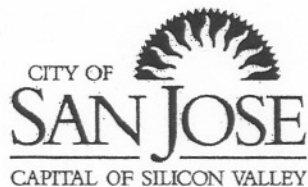


Alex Gurza
Director of Employee Relations



Gerald A. Silva
City Auditor

Enclosure



Memorandum

TO: Rules Committee

FROM: Alex Gurza
Gerald A. Silva

SUBJECT: Hotline

DATE: November 10, 2004

At the Rules Committee meeting of September 8, 2004, the proposal for a fraud hotline was referred to the City Auditor's Office, City Attorney's Office and the Independent Police Auditor for discussion with direction to return to the Rules Committee with further information and recommendations.

We have conducted a survey of the ten largest cities in California and in the United States to learn about the various types of hotlines that have been established in other cities. Additional research is being conducted by both the City Auditor and the Office of Employee Relations to determine the best program for the City and its employees. The City Auditor and the Office of Employee Relations will continue to work together on this effort. Additional information will be provided to the Rules Committee in January 2005.

Alex Gurza
Director of Employee Relations

Gerald A. Silva
City Auditor